

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

OneUnited Bank

Point of Contact:	Robert Cooper	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	97	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	12,063,000	FDIC Certificate Number: (For Depository Institutions)	23966
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 19, 2008	City:	Boston
Date Repaid ¹ :	N/A	State:	Massachusetts

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Increased Lending from \$40,434,000 in 2010 to \$60,557,000 in 2011.

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☒ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

Residential Single Family Mortgage Loans, Multi-Family Mortgage Loans, Commercial and Small Business Loans.

☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

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☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

☐ Increase charge-offs.

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<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution.
Empty space for response	

<input type="checkbox"/>	Held as non-leveraged increase to total capital.
Empty space for response	

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

In the wake of a significant unrealized investment loss caused by the government's nationalization of Fannie Mae and Freddie Mac, the receipt of CPP funds allowed the OneUnited to stabilize its operations and continue with its community development mission and focus. As noted above, the Bank would not have been able to quickly reposition and expand its lending programs without the support of the CPP funds. In addition, by strengthening the Bank's financial condition, the institution avoided staff reductions and potential branch closings that would have necessarily caused severe hardship to the affected individuals. This would have adversely impacted community economic development, particularly in distressed urban and minority communities of Boston, Miami and Los Angeles.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

In the wake of a significant unrealized investment loss caused by the government's nationalization of Fannie Mae and Freddie Mac, the receipt of CPP funds allowed the Bank to stabilize its operations and continue with its community development mission and focus. The Bank has quickly repositioned and expanded its lending programs by leveraging its CPP funds. After experiencing the above noted losses, OneUnited was not in a position to offer new services to its clients. With the capital provided by the CPP OneUnited has been able to provide its product offerings to the historically underserved and distressed communities it serves, including inner city areas of Boston, Los Angeles and Miami. OneUnited has concentrated its efforts on multi-family and single family lending. OneUnited primarily finances multi-family dwellings with five (5) to thirty (30) units. These dwellings dominate urban communities, especially in Los Angeles. In 2011, the Bank originated \$54.4 million in multi-family loans. To better meet the needs of our customers – especially in the Boston and Miami markets – OneUnited invested in new technology and also hired additional staff from within the community to support the launch of a new single family mortgage program. This program is targeted at existing home owners and first time home buyers. With the support of CCP funds, the Bank completed the program's build-out as the economic downturn occurred and seeks to expand the program as the market improves. In 2011, OneUnited originated \$5.4 million in single family loans. The Bank is a Fannie Mae seller/servicer, participates in a new home owner program in Compton, CA and, with a private mortgage insurer, offers a higher loan-to-value loan program that has lower fees than FHA. The CPP funds also enabled the Bank to quickly strengthen its balance sheet, thereby enhancing its safety and soundness, and allowed the Bank to grow the balance sheet and still maintain compliance with certain regulatory mandated capital levels. In addition, by strengthening the Bank's financial condition, the institution retained staff and branch locations in distressed urban and minority communities of Boston, Miami and Los Angeles. The CPP funds allowed the Bank to remain focused on its critical mission. In sum, the receipt of CPP funds among other things, allowed the Bank to act in the best interests of the institution and in turn the communities it serves including: expanding lending, expanding its balance sheet, retaining staff, while maintaining its community development mission.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

As an integral part of its community development mission, OneUnited has also been able to increase its efforts to improve the financial literacy of urban communities to allow existing and prospective customers to make better financial decisions. The following initiatives are illustrative of the Bank's innovative and collaborative approach to financial literacy: • OneUnited President and Chief Operating Officer Teri Williams wrote a children's book entitled I Got Bank! The book is the centerpiece of OneUnited Bank's new financial literacy initiative which targets urban youth. The Bank has provided almost 3,000 books free of charge to public schools, libraries and nonprofit organizations. • OneUnited hosts a blog on its website entitled "Inside OneUnited Bank" where we not only discuss the latest developments at OneUnited, but also share the Bank's views about what is happening in the banking and financial world and its impact on urban communities. • OneUnited partners with Operation Hope (www.operationhope.org) to provide free financial literacy workshops in middle schools. Our goal is to serve as a bridge between minority communities and the financial services industry with a particular focus on urban youth.